

BALDWIN-LIMA-HAMILTON

C O R P O R A T I O N



Annual Report
1952

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Annual Report

**BALDWIN-LIMA-HAMILTON
CORPORATION**

PHILADELPHIA 42, PA.



EDDYSTONE DIVISION

LIMA DIVISION

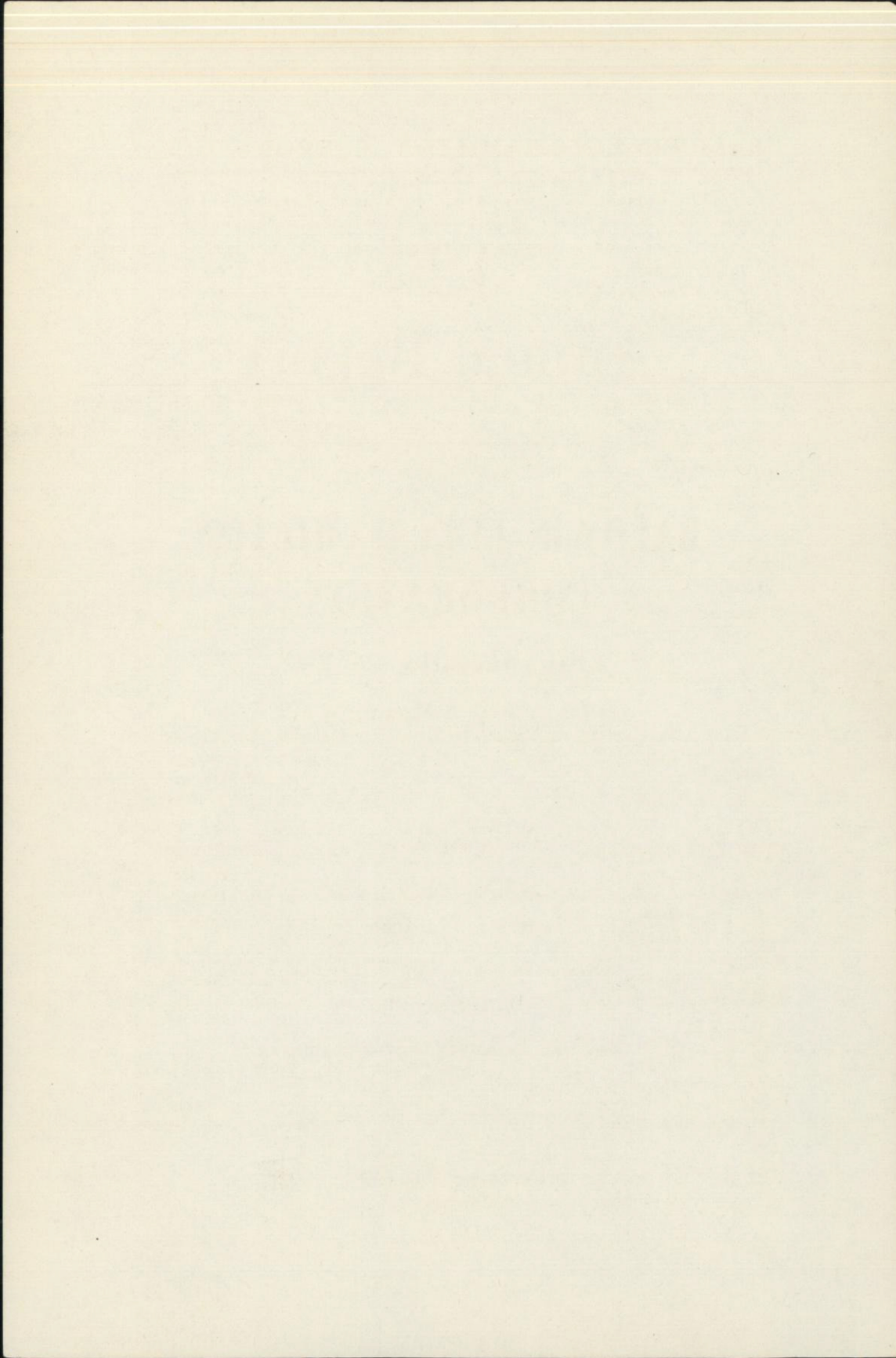
HAMILTON DIVISION

STANDARD STEEL WORKS DIVISION

AUSTIN-WESTERN COMPANY

THE PELTON WATER WHEEL COMPANY

December 31, 1952



BALDWIN-LIMA-HAMILTON CORPORATION

Incorporated under the Laws of the Commonwealth of Pennsylvania

GENERAL OFFICES AT BALDWIN, EDDYSTONE, PENNSYLVANIA

DIRECTORS

CHARLES E. BRINLEY	Chestnut Hill, Pa.
HENRY B. BRYANS	Bryn Mawr, Pa.
H. E. COOMBE	Cincinnati, Ohio
JOSEPH N. EWING	Valley Forge, Pa.
EDWARD HOPKINSON, JR.	Chestnut Hill, Pa.
MCCLURE KELLEY	Aurora, Ill.
WM. CLARKE MASON	Chestnut Hill, Pa.
FREDERIC A. POTTS	Whitemarsh, Pa.
JEROME PRESTON	Boston, Mass.
GWILYM A. PRICE	Pittsburgh, Pa.
WILLIAM WOOD PRINCE	Chicago, Ill.
GEORGE A. RENTSCHLER	Cincinnati, Ohio
WALTER A. RENTSCHLER	Hamilton, Ohio
A. W. ROBERTSON	Pittsburgh, Pa.
JOHN J. ROWE	Cincinnati, Ohio
ROBERT C. SHIELDS	Detroit, Mich.
MARVIN W. SMITH	Wynnewood, Pa.
RALPH K. STILES	Aurora, Ill.
HAROLD E. TALBOTT*	New York, N. Y.

* Resigned January 8, 1953.

EXECUTIVE COMMITTEE

EDWARD HOPKINSON, JR., Chairman	WILLIAM WOOD PRINCE
JOSEPH N. EWING	GEORGE A. RENTSCHLER
MCCLURE KELLEY	JOHN J. ROWE
GWILYM A. PRICE	MARVIN W. SMITH

OFFICERS

GEORGE A. RENTSCHLER	Chairman of the Board
MARVIN W. SMITH	President
CHARLES E. ACKER	Vice-President—Corporate and Financial and Secretary
H. F. BARNHART	Vice-President—Lima Division
A. A. BYERLEIN	Vice-President—Hamilton Division
RAYMOND B. CREAN	Vice-President—Eddystone Division
JOHN S. NEWTON	Vice-President—Eddystone Division
WALTER A. RENTSCHLER	Vice-President in Charge of Eddystone and Hamilton Divisions
JOHN D. TYSON	Vice-President in Charge of Standard Steel Works Division
R. NEVIN WATT	Vice-President—Eddystone Division
C. T. ZIEGLER	Vice-President—Hamilton Division
HOWARD D. HUMPHREYS	Treasurer and Assistant Secretary
W. RAYMOND PARSHALL	General Controller

GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS
Philadelphia

TRANSFER AGENTS

Common Stock, \$13 Par Value

IN PHILADELPHIA:

Fidelity-Philadelphia Trust Company
Broad and Walnut Streets

IN NEW YORK:

Bankers Trust Company, 16 Wall Street

IN CINCINNATI:

The Fifth Third Union Trust Company
Fourth and Walnut Streets

REGISTRARS

Common Stock, \$13 Par Value

IN PHILADELPHIA:

The Pennsylvania Company for Banking and Trusts
15th and Chestnut Streets

IN NEW YORK:

Guaranty Trust Company of New York
140 Broadway

IN CINCINNATI:

The Central Trust Company
Fourth and Vine Streets

To The Shareholders:

Throughout the year 1952 a generally high level of productive output has been maintained at all plants of the Corporation. Consolidated sales amounted to \$268,998,128 as compared to \$197,690,658 for 1951. Net profit after taxes and all other charges amounted to \$7,222,925 or \$1.51 per share for 1952 as compared to \$4,585,196 or \$.96 per share for the year 1951.

Further progress has been made in the consolidation and coordination of the operations and activities of the various divisions and subsidiaries. For example, the Lima Division which manufactures cranes and shovels, and the Austin-Western Company which manufactures road building equipment, were combined into one operating unit to be known as the Construction Equipment Division. This change in organization will make it possible to take full advantage of the opportunities to further intensify and coordinate engineering developments and sales programs in such a way as to continually broaden the scope of our operations in the overall earth-moving machinery field.

Although new production problems have been encountered in connection with the urgent demand for both civilian and military equipment, continued attention has been devoted to improvement of efficiency in both shops and offices. Steady progress has also been made in control of costs and use of materials. These and other steps taken to direct and control operations more effectively have made it possible to reduce inventories even though shipments were substantially increased.

OPERATION AND PRODUCTION

In addition to meeting sustained demands for commercial applications of regular products such as testing equipment, presses, hydraulic turbines, locomotives, forgings and foundry products, earth-moving equipment and other industrial products, the Company has produced a large volume of equipment for defense purposes. Included in this defense equipment were hulls and turrets for tanks, airplane catapults, turbine assemblies for jet engines, amphibious vehicles, large hydraulic presses for producing airplane parts and undercarriages for the "atomic gun".

Following is a summary of the activities of the several divisions and subsidiaries:

EDDYSTONE DIVISION

A high level of general business activity such as we have had during the past few years is usually reflected in demands for railroad equipment. During most of this period the railroads have made heavy purchases of diesel locomotives to replace steam power. In 1952 over 3200 diesel units were put in service by Class I railroads but orders placed during the same period amounted to only about 1800 units. Naturally this reduction in the purchase of new units has substantially reduced our backlog of domestic locomotive orders. Fortunately there was an increase in the purchase of locomotives for foreign use. The largest single order obtained by Baldwin was for 51 locomotives for Argentina, which will be shipped during 1953 and early 1954. This increase in our foreign business has helped materially to minimize the decline in the total locomotive backlog.

While a number of roads have practically completed their conversion programs, there are still many diesel locomotives to be purchased, particularly for freight service. With a substantial replacement potential still ahead, it is expected that the railroads will increase purchases in 1953 up to levels more nearly approaching the average for recent years. Requirements for maintenance also provide a growing market for renewal parts.

With respect to the backlog of locomotive orders, it is well to keep in mind that as a result of efforts to expand other operations and the steps that have been taken toward diversification, the locomotive business has become a smaller percentage of the total. In 1952 locomotives and replacement parts represented 30% of our consolidated shipments as compared to 45% in 1951 and as high as 75% within the past five years.

Although the prospects for additional foreign locomotive business are good in several countries, there are others where competitive situations or the lack of dollar exchange make it almost impossible to sell American made locomotives even though the need for modern motive power may be very great. For this reason much consideration has been given to working out licensing agreements with responsible foreign builders under which locomotives of our design may be manufactured for a

fee to cover plans and technical assistance. For example, 50 electric locomotives are to be built in Belgium for the Belgium State Railways and 20 electric locomotives are now being built in Spain for the Spanish National Railways under a joint Baldwin-Westinghouse licensing agreement. A similar agreement covering 100 diesel electric locomotives to be built in Holland for the Netherlands Railways was also executed during the year.

To meet the ever increasing need and demand for electric power output, special consideration has been given to the production of hydraulic turbines. A number of important hydraulic turbines were delivered during the year, among which were 2—70,000 h.p. units for the Cabinet Gorge Plant in Idaho of the Washington Waterpower Company, 1—140,000 h.p. unit for the City of Seattle's Ross Dam in Washington, 1—70,000 h.p. unit for the Detroit Dam in Oregon of the U. S. Corps of Engineers, and 1—33,500 h.p. unit for the Nangal Development of India. In December of 1952, the Eddystone Division obtained from the Corps of Engineers for the Dalles Project on the Columbia River in Oregon, the largest single order for hydraulic turbines ever placed with an individual manufacturer. The order represents a value of slightly under \$20 million and covers 14 units each rated at 123,800 h.p., designed to operate at a head of 81 ft. to 90 ft. Not only are these turbines among the largest of their type as far as physical dimensions are concerned, they are definitely the largest of their type in horsepower rating. Research work which has been carried on in our laboratory at Eddystone has contributed much to the design and development of the turbines for this project. The delivery of the equipment starts in July 1953 and extends through July 1959.

Sales of testing equipment in 1952 exceeded the record year of 1951 and a substantial backlog of orders for this type of equipment was carried forward into 1953. The demand for large capacity machines continues to sustain the trend first noticed in 1951 on the part of American industries toward the use of higher capacity testing equipment. Development of a new tensile compression testing machine employing the company's unique strain gage and incorporating many new features, was completed toward the end of 1952. Experience obtained since its introduction indicates that it will have wide acceptance. The strain gage

is an extremely accurate device capable of innumerable applications in the field of stress measurement and many new developments involving its successful use were consummated during the year. For example, its use in the field of weighing shows considerable promise.

At Eddystone a number of 280 mm. (11 inches) gun carriages previously mentioned were manufactured for Army Ordnance. This gun, the largest portable unit in the world, represents a new and hitherto undreamed of ordnance weapon. The carriage is slung between two large truck transporters that can negotiate 90 degree turns and travel rough terrain as well as reach a top speed of 35 miles per hour on a smooth highway. Although the entire assembly weighs 85 tons and is 84 feet long, it can be disengaged from the transporters and set up in firing position in twenty minutes. The gun can be elevated and loaded and fired manually or automatically but one of its greatest advantages lies in the fact that the whole carriage can be rotated 360 degrees by four men on a specially designed firing base. It has been described as 85 tons of artillery, as big as a house and as finely machined as a watch, whose firing accuracy is four times greater than conventional long range artillery. The actual range is a secret but it is in excess of 20 miles. The gun can handle either conventional or atomic shells.

CONSTRUCTION EQUIPMENT DIVISION

The Lima plant produced and shipped a greater volume of power shovels, cranes and drag lines than in any previous year. Defense orders for shovels and rubber-tired cranes, in addition to an unusually large commercial demand for construction equipment, accounted for this. In planning forward engineering, emphasis is being placed on the development of both smaller and larger sizes of shovels and cranes for the purpose of rounding out a more complete line. Important progress toward this objective is expected during the coming year.

Rock crushing equipment, previously manufactured and sold by Austin-Western, was transferred to the Lima plant during the year to take advantage of increased facilities available for expanding crusher development and production. The transfer has been completed and production of this equipment materially

increased. A new development in coal crushing equipment for use in strip-mining of coal is underway and appears to have a wide application with good possibilities.

Lima facilities for fabricating and machining tank hulls and for the production of amphibious vehicles have been largely completed and production of these items is continually increasing. It appears that these facilities will be operated at full capacity during the coming year.

This was a year of rapid expansion at Austin-Western, made necessary by urgent government requirements for the new hydraulic crane developed by Austin-Western for installation on automobile trucks and similar mountings, for a wide variety of uses by the armed forces. The productive output was practically doubled during the year. This required expansion into other facilities as well as the employment of a great deal of subcontracting work.

The transfer to Eddystone of the manufacture of small industrial and mining locomotives from the plant of a subsidiary, The Whitcomb Locomotive Company, located at Rochelle, Illinois, was completed during the year and the Rochelle property was taken over by Austin-Western Company. This plant is now used for the construction of road rollers and street sweepers formerly produced at the plant in Aurora, Illinois, and thus has made facilities available for the increased production of motor graders and hydraulic cranes at Aurora. The Whitcomb Locomotive Company was liquidated and dissolved following the transfer of the Rochelle plant to Austin-Western Company.

Austin-Western now has a large backlog of orders, particularly for hydraulic cranes, and it is expected that full production can be maintained throughout the coming year. While the hydraulic cranes now being produced are largely for military purposes, it is our intention, as part of the overall plan of expanding our line of construction machinery, to develop modifications and other models of these cranes for various industrial and commercial applications.

HAMILTON DIVISION

Shipments from the Hamilton Division were maintained at approximately maximum levels throughout the year. Its back-

log of machine tool orders declined somewhat but was more than offset by an increase in the volume of orders received for large mechanical stamping presses. These orders comprise a backlog of more than 100 units and it is believed that they constitute a forerunner of additional press business that may be anticipated from expansion in the automotive industry which is expected to follow removal of material restrictions. Purchases of large diesel engines for stationary power plants, both private and municipal, have increased considerably and it is expected that the Hamilton plant will continue to receive a satisfactory proportion of this business. Development at this plant of the Company's line of can-making machinery has been continued and latest improvements in this equipment have received favorable comment from the industry at recent exhibitions. The effects of the Defense Programs have curtailed somewhat the volume of orders for this equipment but a growing demand for the Company's complete line of can-making machinery is anticipated. What is believed to be the world's largest planer is now under construction at the Hamilton plant. This machine will be capable of planing pieces such as steel plates and castings up to 23 feet in width.

STANDARD STEEL WORKS DIVISION

The Standard Steel Works Division, at Burnham, Pennsylvania, continued to produce steel forgings and castings for both railway and industrial purposes at record levels. Approximately 20% of shipments were made to government agencies or prime contractors for defense purposes. Practically every government agency was represented. About 60% of total bookings for the year 1952 were received from the general industrial field as compared with 53% in 1951 and considerably less than 50% in most prior years. This is a gratifying result of efforts toward further diversification of Standard's products outside the railroad industry. A number of new and additional facilities were provided at Standard and several new products never before made at this plant were developed during the year.

THE PELTON WATER WHEEL COMPANY

The Pelton Water Wheel Company, a subsidiary located in San Francisco, was also actively engaged in the production of hydraulic turbines. Record shipments of this type of equipment included an 82,000 h.p. 1880 ft. Head Vertical Impulse unit,—the maximum horsepower ever developed anywhere by a single

impulse turbine. At present, Pelton has in process an order for 2—48,000 h.p. 1945 ft. Head Reaction Turbines which, when completed and placed in service, will be the highest head turbines of this type in North America. Field tests have been completed on the Pelton-Byron Jackson 65,000 h.p. pumps (the world's largest) at the Bureau of Reclamation Grand Coulee pumping plant and outstanding efficiency values obtained. Emphasis on product diversification has continued and five units of the new line of governors for hydraulic turbines, controlling a total of 224,900 h.p., are now in service with five additional units for 244,100 h.p. on order. Pelton's other major new product line, hydraulic surface pumping equipment for oil wells, showed improved trade acceptance and nearly 200 of these machines are now in use by 33 oil companies in the United States, Canada and Mexico.

INDUSTRIAL RELATIONS AND PERSONNEL

Other than the regularly scheduled two-weeks shutdown for vacations, no work stoppages of any consequence were experienced during the year. New contracts were negotiated with the Unions representing the hourly rated employees of the Eddystone and Standard Steel Works Divisions and the Company's wholly owned subsidiaries Austin-Western Company and The Pelton Water Wheel Company. Labor contracts at the Lima and Hamilton Divisions do not expire until March 6, 1954 and May 15, 1955, respectively.

Arrangements were instituted in 1952 for the funding of pension liabilities, the cost of which had theretofore been met on a pay-as-you-go basis, and for the acceleration of funding under pension plans previously funded but under which the past service cost had, prior to 1952, been funded on a 30 or 37½ year basis. Provision was made during the year 1952 for payments on account of pension liabilities equivalent to the maximum amounts computed to be deductible under federal income tax laws, *i. e.*, the current cost plus 10% of the past service cost. The decision to undertake this additional or accelerated rate of pension funding was based upon consideration of the many factors involved, including the present level of the company's earnings and the existing high federal income tax rates.

On January 8, 1953, Mr. Harold E. Talbott resigned as a director incident to his appointment as Secretary of the Air Force.

Mr. J. R. Weaver, Vice-President in Charge of Manufacturing—Eddystone Division, and Mr. R. F. Doolittle, Vice-President—Legal, resigned on February 29, 1952 and June 21, 1952, respectively.

Mr. Alex Smith was appointed Director of Foreign Sales on February 28, 1952.

Mr. Walter A. Rentschler, formerly Vice-President in Charge of Lima-Hamilton Division, was elected Vice-President in Charge of Eddystone and Hamilton Divisions on May 22, 1952.

PLANT AND EQUIPMENT

Capitalized expenditures for plant and equipment in 1952 were \$4,216,286 and the provision for depreciation and amortization amounted to \$2,449,626. This provision, in accordance with generally accepted accounting practice and federal income tax regulations, is computed on the original cost of the facilities which were acquired over several decades and at varying price levels. Because of the present high cost of new equipment this amount of depreciation does not provide adequate funds for replacement of facilities which become obsolete and worn out. The additional funds needed for replacement of these assets can come only from retained earnings or from new capital.

Attention to maintenance has been given in all departments of the consolidated company to insure that all properties and equipment now in use are in good condition.

EARNINGS AND FINANCE

The consolidated operations of Baldwin and its wholly owned subsidiaries for the years 1952 and 1951 are summarized as follows:

	1952	1951
Sales	\$268,998,128	\$197,690,658
Net profit for the year.....	7,222,925	4,585,196
Cash dividends declared.....	2,869,554	2,869,155
Net profit retained in the business.	4,353,371	1,716,041
The net profit for the year is after the following charges:		
Depreciation and amortization.	2,449,626	2,001,858
Interest expense	799,899	359,698
Taxes on income and other taxes	14,834,795	9,005,208

Total taxes on income and other taxes amounted to \$14,834,795 and was equal to \$3.10 per share. Included in this total are taxes on income of \$12,000,000 and social security taxes of \$1,582,802.

Four cash dividends on the Company's common stock, each of \$.15 per share, were declared during the year and were paid on April 30, July 31 and October 31, 1952 and on January 31, 1953.

Unfilled orders as of December 31, 1952 amounted to \$247,970,479 compared with \$288,387,843 as of December 31, 1951. Orders received during the year 1952 amounted to \$232,793,418 compared with \$340,436,980 for the year 1951.

Inventories as of December 31, 1952 amounted to \$85,679,823 compared with \$88,630,151 as of December 31, 1951. A major portion of the inventory was represented by work in process on customers' orders. The inventories have been carefully checked as to existence and are stated at the lower of cost or realizable value. Net current assets increased during the year \$655,909 to a total of \$69,755,001.

There are submitted herewith:

Consolidated Balance Sheet of Baldwin-Lima-Hamilton Corporation and Wholly Owned Subsidiaries, December 31, 1952 and 1951.

Consolidated Statement of Profit and Loss and Surplus for the Years ended December 31, 1952 and 1951.

Report of Auditors.

This report is submitted on behalf of the Board of Directors.

MARVIN W. SMITH
President

GEORGE A. RENTSCHLER
Chairman of the Board

March 10, 1953

BALDWIN-LIMA-HAMILTON CORPORATION

Consolidated Balance Sheet,

ASSETS

(What the Companies Own)

	1952	1951
Cash	\$ 9,894,009	\$ 7,650,566
Notes and accounts receivable (less reserve, 1952—\$225,693; 1951—\$225,465)	35,144,498	29,252,545
Inventories of raw materials, supplies, work in process and finished products (less reserve, 1952—\$1,349,151; 1951—\$1,966,879)	85,679,823	88,630,151
<i>Total Current Assets</i>	<u>\$130,718,330</u>	<u>\$125,533,262</u>
Receivables not due within one year	2,669,202	1,812,190
Renegotiation rebates receivable arising from accelerated amortization of war emergency facilities	122,635	122,635
Investments (less reserve—1952 and 1951— \$12,499)	468,028	460,144
Property, plant and equipment (less reduction for wear of facilities—depreciation and amortiza- tion—1952—\$57,141,016; 1951—\$56,075,774)	40,491,315	38,724,655
Insurance premiums and other expenses paid but applicable to future years	358,073	338,660
	<u>\$174,827,583</u>	<u>\$166,991,546</u>

See Notes to Financial Statements

AND WHOLLY OWNED SUBSIDIARIES

December 31, 1952 and 1951

LIABILITIES

(What the Companies Owe)

	1952	1951
Bank loans payable.....	\$ 14,000,000	\$ 20,000,000
Accounts payable	13,741,736	17,863,007
Dividend declared on common stock.....	717,417	717,344
Advances on sales orders.....	12,497,964	4,841,775
Taxes on income.....	14,473,973	8,803,852
Other taxes, wages, salaries, commissions, etc....	5,532,239	4,208,192
<i>Total Current Liabilities.....</i>	<i>\$ 60,963,329</i>	<i>\$ 56,434,170</i>
Bank loans payable not due within one year.....	\$ 3,000,000	\$ 4,000,000
Provision for probable future expenditures or losses:		
Operating reserves	\$ 921,947	\$ 1,068,748
General reserve	267,775	417,775
	<i>\$ 1,189,722</i>	<i>\$ 1,486,523</i>
STOCKHOLDERS' OWNERSHIP:		
Common stock, \$13 par:		
Authorized, 5,000,000 shares		
Issued and outstanding,		
1952—4,782,778 shares	\$ 62,176,114	
1951—4,782,295 shares		\$ 62,169,835
Surplus per annexed statement:		
Capital in excess of par value of capital stock	26,827,335	26,583,306
Earnings retained in the business.....	20,671,083	16,317,712
<i>Total Stockholders' Equity.....</i>	<i>\$109,674,532</i>	<i>\$105,070,853</i>
	<i>\$174,827,583</i>	<i>\$166,991,546</i>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) As of November 30, 1950, the Company acquired all of the assets subject to the liabilities of Lima-Hamilton Corporation, except cash and accounts receivable aggregating \$1,101,840 which were retained by Lima-Hamilton Corporation as a fund to meet the claims of those of its stockholders who dissented from the sale of its assets, and to pay its expenses incident to the consummation of the transaction. Proceedings of former stockholders of Lima-Hamilton Corporation who dissented to said sale and who demanded payment of the "fair cash value" of their shares were concluded during 1952, and payment was made to such stockholders in accordance with a determination of court-appointed appraisers pursuant to the procedure prescribed by law for such determination. The excess of the amount retained, over the requirement for payment of the claims of dissenting stockholders and the expenses incident to the consummation of the transaction, amounting to \$750,308 was paid to the Company during 1951 and 1952.

(2) Inventories are priced at cost or less, but not in excess of estimated realizable value, cost being determined under recognized methods appropriate in the particular circumstances. A large part of the inventory at December 31, 1952, was covered by sales orders at prices in excess of inventory value.

(3) The Federal income tax returns of the Company and its consolidated subsidiaries, have been examined through 1946 and the returns of certain of such subsidiaries for years subsequent to 1946. The returns of Companies whose liabilities were assumed as a result of the acquisition of the assets and business of Lima-Hamilton Corporation have been examined through 1949. The provision for taxes on income which is included in current liabilities is believed to be adequate to cover all liability for taxes on income.

(4) Non-contributory pension plans are in effect covering substantially all of the hourly rated employees of the Company and its wholly owned subsidiaries. These plans follow a similar pattern, in general providing pensions of \$100 per month, less social security benefits, upon normal retirement, after 25 years of service with proportionately smaller pensions for shorter service.

Salaried employees of the Austin-Western Company and of the Lima, Hamilton and Middletown plants are covered by contributory pension plans and all of the other salaried employees of the Company and its wholly owned subsidiaries are covered by non-contributory pension plans.

The pension plans for hourly rated employees were negotiated with the Unions which represent the respective groups of employees and are subject to the collective bargaining process. In each case they include provisions permitting the Company to continue the plans without change for a period of years, none of which periods expires before 1955. The pension plans for salaried employees are terminable at the option of the Company.

The lump sum amount which would be required to be paid on account of the unfunded past service cost of these pension plans as of December 31, 1952, has been estimated to be approximately \$10,500,000.

During 1952 the Company instituted funding arrangements with respect to pension liabilities which had previously been met on a pay-as-you-go basis and accelerated the funding of past service costs under certain pension plans which for 1951 had been funded on the basis of 30 and 37½ year periods. The resulting payments on account of the funding of pension liabilities for the year 1952 aggregated \$2,410,200 of which \$859,395 represented current cost, and \$1,550,805 represented past service cost.

(5) Sales for 1952 include substantial amounts relating to orders which are subject to renegotiation under the Renegotiation Act of 1951. It is the opinion of the management that renegotiation will have no material effect on the financial statements included in this report.

(6) Incentive compensation for officers and other key employees, 280 in all, has been provided in the amount of \$449,365 for the year 1952.

BALDWIN-LIMA-HAMILTON CORPORATION AND WHOLLY OWNED SUBSIDIARIES

Consolidated Statement of Profit and Loss and Surplus For the Years Ended December 31, 1952 and 1951

	1952	1951
PROFIT AND LOSS:		
Sales	\$268,998,128	\$197,690,658
Less:		
Cost of sales, including selling, administrative and general expenses	\$247,030,470	\$184,995,001
Provision for depreciation and amortization ..	2,449,626	2,001,858
	<u>\$249,480,096</u>	<u>\$186,996,859</u>
Operating profit	\$ 19,518,032	\$ 10,693,799
Dividends received	10,918	17,079
Royalties received	244,253	71,391
Interest and discount income	185,455	450,246
Non-recurring profit on sale of securities	—	204,203
Miscellaneous income	64,924	140,808
	<u>\$ 20,023,582</u>	<u>\$ 11,577,526</u>
Deduct:		
Interest expense	\$ 799,899	\$ 359,698
Miscellaneous expenses	758	132,632
	<u>\$ 800,657</u>	<u>\$ 492,330</u>
Profit before taxes on income	\$ 19,222,925	\$ 11,085,196
Provision for taxes on income	12,000,000	6,500,000
Net profit for the year	<u>\$ 7,222,925</u>	<u>\$ 4,585,196</u>
EARNINGS RETAINED IN THE BUSINESS:		
Balance January 1	16,317,712	15,349,864
	<u>\$ 23,540,637</u>	<u>\$ 19,935,060</u>
Less:		
Cash dividends declared on common stock ..	\$ 2,869,554	\$ 2,869,155
Excess of par value of common stock issued in acquisition of Austin-Western Company over net assets acquired	—	748,193
	<u>\$ 2,869,554</u>	<u>\$ 3,617,348</u>
Balance, December 31	<u>\$ 20,671,083</u>	<u>\$ 16,317,712</u>
CAPITAL IN EXCESS OF PAR VALUE OF CAPITAL STOCK:		
Balance January 1	\$ 26,583,306	\$ 26,369,059
Excess of cash received from Lima-Hamilton Corporation fund (see Note 1) over par value of common stock issued to previously dissenting Lima-Hamilton Corporation shareholders	244,029	214,247
	<u>\$ 26,827,335</u>	<u>\$ 26,583,306</u>
Balance December 31	<u>\$ 26,827,335</u>	<u>\$ 26,583,306</u>
Total Surplus, December 31	<u>\$ 47,498,418</u>	<u>\$ 42,901,018</u>

See Notes to Financial Statements

REPORT OF AUDITORS

To The Shareholders:

BALDWIN-LIMA-HAMILTON CORPORATION

We have examined the consolidated balance sheet of Baldwin-Lima-Hamilton Corporation and its wholly owned subsidiaries as of December 31, 1952, and the related consolidated statement of profit and loss and surplus for the year then ended. It was not practicable to obtain confirmation of amounts due from the United States Government and we satisfied ourselves as to such amounts by other auditing procedures. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet as of December 31, 1952, and the related consolidated statement of profit and loss and surplus for the year then ended present fairly the consolidated financial position of Baldwin-Lima-Hamilton Corporation and its wholly owned subsidiaries at that date, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

PHILADELPHIA, PENNA.

FEBRUARY 26, 1953.

BALDWIN-LIMA-HAMILTON CORPORATION

SALES OFFICES IN THE UNITED STATES

ATLANTA, GA.....	1503 Northside Drive, N. W.
CHICAGO 4, ILL.....	627 Railway Exchange Building
CLEVELAND 13, OHIO.....	2507 Terminal Tower Building
DALLAS 2, TEXAS.....	1805 N. Industrial Boulevard
DETROIT 2, MICHIGAN.....	425 Curtis Building
HOUSTON 2, TEXAS.....	1817 Second National Bank Building
LOS ANGELES 14, CALIF.....	999 Pacific Electric Building
MINNEAPOLIS 2, MINNESOTA.....	1120 Foshay Tower
NEW YORK 17, N. Y.....	60 E. 42nd Street
PITTSBURGH 19, PA.....	643 Union Trust Building
SAN FRANCISCO 10, CALIF.....	2929 Nineteenth Street
ST. LOUIS 3, MO.....	514 Shell Building
SEATTLE 4, WASHINGTON.....	1932 First Avenue, South
WASHINGTON 5, D. C.....	642 Wyatt Building

ALEX SMITH—Director of Foreign Sales

CHARLES A. CAMPBELL—Assistant Director of Foreign Sales

60 E. 42ND STREET, NEW YORK 17, N. Y.

The Company has sales agents or technical representatives
in most countries of the world.

DIVISIONS AND SUBSIDIARIES

EDDYSTONE DIVISION

WALTER A. RENTSCHLER, Vice-President in Charge of
Eddystone Division

R. NEVIN WATT, Vice-President

JOHN S. NEWTON, Vice-President and Manager of Engineering

J. J. ROSECKY, Manager of Manufacturing

L. A. HESTER, Manager of Sales

ANDREW LISTON, Sales Manager—Industrial and
Defense Products

PERRY A. WHITE, Controller

WILLIAM S. Y. HOWARD, Asst. Secretary and Asst. Treasurer

THOMAS E. MCFALLS, Asst. Secretary and Asst. Treasurer

LOCOMOTIVES

STEAM

ELECTRIC

DIESEL

STEAM BOILERS

WELDED TANKS

PLATE FABRICATION

ORDNANCE MATERIEL

DIESEL ENGINES FOR MARINE AND OTHER USES

WATER POWER TURBINES

HYDRAULIC PRESS MACHINERY

TESTING MACHINES

SPECIAL MACHINERY

RAILWAY DUMP CARS

IRON, BRASS AND BRONZE CASTINGS

PARSON'S WHITE BRASS AND BABBITT METAL INGOTS

PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

LIMA DIVISION

H. F. BARNHART, Vice-President

ORIN J. GREIWE, Asst. Secretary and Asst. Treasurer

R. P. BAUER, Controller

POWER SHOVELS

CRANES

DRAG LINES

PULL SHOVELS

ROCK CRUSHING EQUIPMENT

PLANT

LIMA, OHIO

HAMILTON DIVISION

WALTER A. RENTSCHLER, Vice-President in Charge of
Hamilton Division

A. A. BYERLEIN, Vice-President

C. T. ZIEGLER, Vice-President

J. F. CONNAUGHTON, General Manager and Asst. Secretary

PERRY A. WHITE, Controller

J. W. LLEWELLYN, Asst. Secretary and Asst. Treasurer

FORMING AND STAMPING PRESSES

INDUSTRIAL AND RAILROAD MACHINE TOOLS

HAMILTON DIESEL ENGINES

CORLISS ENGINES

STEAM MARINE ENGINES

GAS ENGINES

CANE MILLING MACHINERY

HAMILTON CAN-MAKING MACHINERY

GLASS GRINDING AND POLISHING MACHINERY

HEAVY FORGINGS AND CASTINGS

WELDMENTS

PLANTS

HAMILTON AND MIDDLETOWN, OHIO

STANDARD STEEL WORKS DIVISION

JOHN D. TYSON

Vice-President in Charge of Standard Steel Works Division

EDWIN W. THOMAS

Works Manager

CHARLES A. SHENBERGER

Sales Manager

CHARLES EDWARDS

Assistant Secretary and Assistant Treasurer

STEEL FORGINGS

STEEL CASTINGS

STEEL TIRES

WROUGHT STEEL WHEELS

STEEL SPRINGS

WELDLESS RINGS

PLANT

BURNHAM, MIFFLIN COUNTY

PENNSYLVANIA

AUSTIN-WESTERN COMPANY
Incorporated under the Laws of the State of Illinois

OFFICERS

McCLURE KELLEY, President
RALPH K. STILES, Executive Vice-President
H. B. BUSHNELL, Vice-President in Charge of Labor Relations
J. W. CHAPMAN, Treasurer and Assistant Secretary
CHARLES E. ACKER, Secretary
C. M. LIPPINCOTT, Controller

ROAD GRADERS HYDRAULIC CRANES
ROAD ROLLERS STREET SWEEPERS

PLANTS
AURORA AND ROCHELLE, ILLINOIS

THE PELTON WATER WHEEL COMPANY
Incorporated under the Laws of the State of California

OFFICERS

MARVIN W. SMITH, President
WILLIAM F. BOYLE
Vice-President and General Manager
CHARLES E. ACKER, Secretary and Treasurer
C. GLENN CRAWFORD, Manager, Sales-Service
ROBERT L. WOLTZ
Assistant Secretary and Assistant Treasurer

WATER POWER TURBINES AND GOVERNORS
BUTTERFLY, SPHERICAL AND CONE VALVES
SURGE SUPPRESSORS AND WATER WORKS VALVES
HYDRAULIC AND MECHANICAL OIL WELL PUMPING JACKS
MARINE VALVES, STEERING GEAR, AIRCRAFT ARRESTING GEAR
AND ANCHOR WINDLASSES

PLANTS
SAN FRANCISCO AND LOS ANGELES, CALIFORNIA

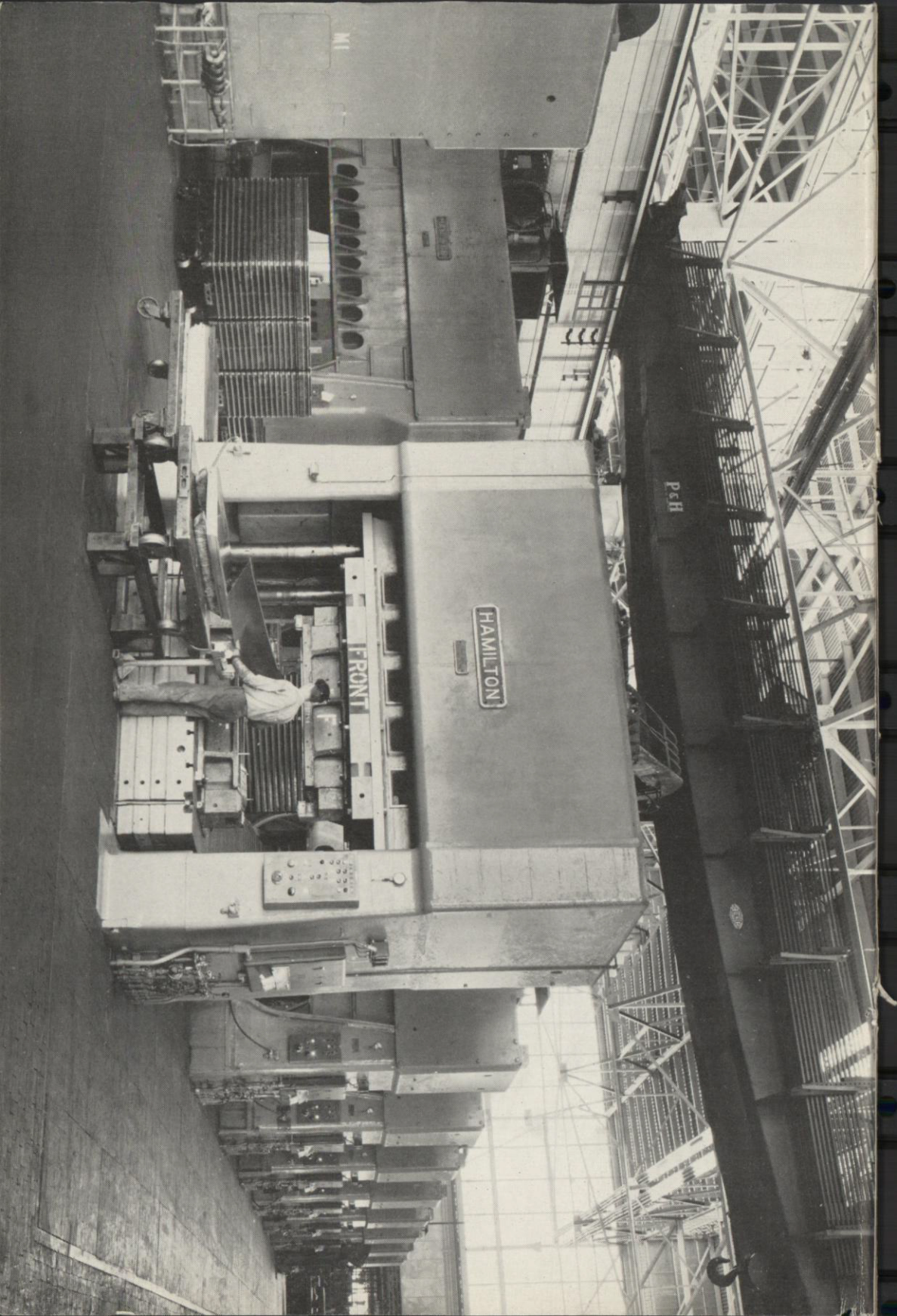


ILLUSTRATIONS

Inside front cover—*Lima dragline equipped with a 70-foot boom and a $3\frac{1}{2}$ -cubic yard bucket, excavating at Cherry Creek Dam, Colorado.*

Opposite page—*A typical line of Hamilton metal stamping presses producing automobile body parts. Many similar lines may be found in the foremost body stamping plants throughout the United States.*

Back cover — *Army ordnance inspectors checking a 280 mm. "atomic gun" in final stages of assembly at the Eddystone Plant.*



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